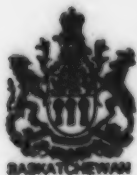


**DEPARTMENT OF ENVIRONMENT
COMMERCIAL REVOLVING FUND**

FINANCIAL STATEMENTS

For the Year Ended March 31, 2002

**Provincial Auditor Saskatchewan**

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Commercial Revolving Fund as at March 31, 2002 and the statements of operations and accumulated operating surplus/(deficit), and changes in accumulated net expenditure/(recovery) for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 13, 2002



Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

COMMERCIAL REVOLVING FUND
BALANCE SHEET
As at March 31

	<u>2002</u>	<u>2001</u>
ASSETS		
Current Assets:		
Leases receivable (Note 9)	\$ 281,268	\$ 286,322
Inventories	<u>175,688</u>	<u>177,672</u>
	456,956	463,994
Capital assets (Note 5)	<u>1,170,931</u>	<u>987,699</u>
	<u>\$ 1,627,917</u>	<u>\$ 1,451,693</u>
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable (Note 9)	\$ 427,675	\$ 709,852
Non-current liabilities:		
Accumulated net expenditure (Statement 3 and Note 9)	1,190,393	632,309
Fund equity:		
Accumulated operating surplus/(deficit) (Statement 2)	<u>9,849</u>	<u>109,532</u>
	<u>\$ 1,627,917</u>	<u>\$ 1,451,693</u>

(See accompanying notes to the financial statements)

COMMERCIAL REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/(DEFICIT)
For the Year Ended March 31

	2002		2001
	Budget (Note 8)	Actual	Actual
Revenues:			
Camping	\$ 3,493,000	\$ 3,795,016	\$ 3,515,576
Entry	1,756,000	1,871,086	1,763,504
Cottage leases	1,530,000	1,554,071	1,541,899
Resource management leases	517,000	756,498	720,888
Other	499,000	387,744	418,355
Swimming & accommodation	374,000	438,088	437,055
Commercial leases	395,000	430,285	405,251
Gain on disposal of capital assets	1,000	1,558	6,967
	<u>8,565,000</u>	<u>9,234,346</u>	<u>8,809,297</u>
Expenses:			
Salaries and benefits	9,150,000	9,310,107	8,813,415
Contractual services	2,088,000	2,372,118	2,138,421
Supplies and service	1,466,000	1,290,973	1,356,518
Travel and business	894,000	1,125,094	941,924
Amortization	300,000	255,010	278,517
Communication	193,000	186,012	204,617
Bad debt	—	159,877	—
Bank charges	58,000	55,956	58,392
Maps, manuals, and miscellaneous items	30,000	40,413	28,755
Tools and office supplies	68,000	23,289	68,110
Other	6,000	7,070	6,355
	<u>14,253,000</u>	<u>14,827,919</u>	<u>13,895,024</u>
Loss from operations	(5,688,000)	(5,593,573)	(5,085,727)
Subsidy from General Revenue Fund	5,688,000	5,493,890	5,189,000
Net (loss) income (Note 10)	<u>\$ —</u>	<u>(99,683)</u>	<u>103,273</u>
Accumulated operating surplus/(deficit), beginning of year		<u>109,532</u>	<u>6,259</u>
Accumulated operating surplus/(deficit), end of year - to Statement 1		<u>\$ 9,849</u>	<u>\$ 109,532</u>

(See accompanying notes to the financial statements)

COMMERCIAL REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE/(RECOVERY)
For the Year Ended March 31

	<u>2002</u>	<u>2001</u>
Financing (provided by)/required for operating activities:		
Net loss (Income)	\$ 99,683	\$ (103,273)
Items not affecting working capital		
- amortization	(255,010)	(278,517)
- gain on disposal of capital assets	1,558	6,967
Net increase in working capital items related to operations (Note 6)	<u>275,169</u>	<u>316,347</u>
Net financing required for operating activities	<u>121,400</u>	<u>(58,476)</u>
Financing (provided by)/required for investing activities:		
Purchase of capital assets	440,648	302,157
Proceeds from sale of capital assets	<u>(3,964)</u>	<u>(9,052)</u>
Net financing required for investing activities	<u>436,684</u>	<u>293,105</u>
Net increase in financing requirement	558,084	234,629
Accumulated net expenditure, beginning of year	<u>632,309</u>	<u>397,680</u>
Accumulated net expenditure, end of year - to Statement 1	<u>\$ 1,190,393</u>	<u>\$ 632,309</u>

(See accompanying notes to the financial statements)

**COMMERCIAL REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002**

1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 18 of *The Natural Resources Act*. The purpose of the Revolving Fund is to conduct commercial activities required for the promotion, development and management of provincial parks. The Department of Environment and Resource Management (now called the Department of Environment) administers the Revolving Fund.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 6. The following accounting policies are considered significant.

a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure/(Recovery)

The accumulated net expenditure/(recovery) of the Revolving Fund includes the following:

- i) the net expenditure/(recovery) for each fiscal year; and
- ii) the book value of assets acquired at no charge from another government agency.

c) Inventories

Inventories consist of maps, wildlife manual, pins, and other miscellaneous items and are valued at the lower of average cost and net realizable value.

d) Capital Assets

Individual capital assets costing more than \$500 are capitalized. Amortization commences in the first year of acquisition and is calculated on the straight-line basis over the useful life of the asset. Annual amortization rates are from 5% to 33% for equipment and 10% for furnishings.

3. Authorized Financing

Section 18(10) of *The Natural Resources Act* specifies that the maximum accumulated net expenditure, which may be outstanding at any time, will be set by order of the Lieutenant Governor in Council. A maximum amount of \$4,000,000 was established by Order in Council 516/94.

4. Accumulated Operating Surplus/(Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/(deficit). If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/(deficit) for approval by Treasury Board. A plan may include, but is not limited to, payment of excess surpluses to, or request for additional funding from, the General Revenue Fund. Treasury Board has specified the limit for the accumulated operating surplus/(deficit) as \$350,000.

5. Capital Assets

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	\$ 6,775,426	\$ 5,668,603	\$ 1,106,823	\$ 938,830
Furniture and Fixtures	387,745	323,637	64,108	48,869
	<u>\$ 7,163,171</u>	<u>\$ 5,992,240</u>	<u>\$ 1,170,931</u>	<u>\$ 987,699</u>

6. Net Change in Working Capital Items Related to Operations

	2002	2001
(Decrease) in leases receivable	\$ (5,024)	\$ (944)
(Decrease)/increase in inventories	(1,984)	20,537
Decrease in accounts payable	282,177	296,754
	<u>\$ 275,169</u>	<u>\$ 316,347</u>

7. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and settled on normal trade terms. These transactions at year end are as follows:

<u>Category</u>	<u>2002</u>	<u>2001</u>
Contractual services	\$ 1,376,107	\$ 12,438
Travel and business	809,880	740,013
Supplies and service	82,248	808,670
Communication	3,673	162
Tools and office supplies	264	517
Bank charges	307	0
Capital assets	47,659	25,629
Accounts payable	46,195	50,130

In addition, the Revolving Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions, with related parties, and amounts due to/from them are described separately in the financial statements and the notes thereto.

The Department of Environment and Resource Management is responsible for the acquisition of land for provincial parks. Therefore, land is not reflected in these financial statements. However, in accordance with *The Natural Resources Act* the Revolving Fund is credited with all rents and fees with respect to land.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by the departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

8. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

9. Financial Instruments

The Revolving Fund's financial instruments include leases receivable and accounts payable. Due to their immediate or short-term maturity, the fair value of these instruments approximates their carrying value.

The fair value of the accumulated net expenditure has not been provided because it is not practicable to determine the fair value with sufficient reliability.

The Revolving Fund is exposed to minimal credit risk from the potential non-payment of leases receivable. Most receivables were received subsequent to year end.

10. Amount Reported in Public Accounts

The net (expenditure)/recovery of the Revolving Fund reported in Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2002	2001
Net (loss) income	\$ (99,683)	\$ 103,273
Decrease/(increase) in inventory	1,984	(20,537)
(Increase) in net book value of capital assets	(183,232)	(21,555)
Amounts not included in Public Accounts due to timing	159,838	—
Net (expenditure)/recovery reported in Public Accounts	\$ (121,093)	\$ 61,181

11. Comparative Figures

Certain comparative figures have been restated to conform to the current year's financial statement presentation.